

Message Text

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ACTION PM-04

INFO OCT-01 EUR-12 ISO-00 MC-02 EB-07 COME-00 OMB-01

ACDA-07 SS-15 SP-02 CIAE-00 INR-07 NSAE-00 DODE-00

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R 121130Z AUG 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 6537

INFO COMICEDEFOR

C O N F I D E N T I A L REYKJAVIK 1089

E.O. 11652: GDS

TAGS: PFOR, MARR, IC

SUBJECT: POSSIBLE AID AND ASSISTANCE TO ICELAND

REF: STATE 152049 (190721Z JUN)

1. EMBASSY HAS HEARD INFORMALLY THT INTER-AGENCY STUDY ON US ASSISTANCE TO GOI MENTIONED PARA 3 REFTEL IS NOW GOING FORWARD. WHILE WE ARE NOT YET AWARE OF PREMISES ON WHICH STUDY IS BASED, WE WOULD LIKE TO SUGGEST CERTAIN CONSIDERATIONS WHICH WE BELIEVE SHOULD BE KEPT IN MIND IN SETTING USG POLICY:

(A) WE WOULD HOPE OUR REPORTING HAS NOT GIVEN IMPRESSION THAT CRISIS EXISTS AND SOMETHING MUST BE DONE IMMEDIATELY TO PLACATE ICELANDERS. WHILE REPORTS OF SPANISH, GREEK AND OTHER AGREEMENTS PROVOKED CONSIDERABLE PRESS COMMENT AND WHETTED ICELANDIC APPETITES, ONLY MATTERS MENTIONED TO EMBASSY OR COMICEDEFOR BY GOI OFFICIALS HAVE BEEN TRAINING OF CIVIL AVIATION PERSONNEL, INCREASED PAYMENT FOR IDF USE OF ICELANDIC HIGHWAYS (WHICH IS NOW UNDER NEGOTIATION IN DEFENSE COUNCIL, AND POSSIBLE BASE PARTICIPATION IN HOT WATER DISTRIBUTION SYSTEM.

(B) SHOULD BE KEPT IN MIND THAT POLITICAL OPINION HERE IS FAR FROM UNIFIED ON DESIRABILITY OF SEEKING USG AID. LEFTISTS SOLIDLY OPPOSE FOR IDEOLOGICAL REASONS, PROGRESSIVES ARE
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SPLIT BECAUSE OF CONCERN OFTEN EXPRESSED BY FORNMIN THAT NO

AGREEMENTS BE MADE IMPLYING LONG-TERM TENURE FOR BASE, AND INDEPENDENCE PARTY SPLIT BUT PRIMARILY OPPOSED ON GROUND THAT DEFENSE AGREEMENT EXISTS FOR PROTECTION OF ICELAND AND "ICELAND IS NOT FOR SALE." IP MEMBER OF ALTHING FOREIGN RELATIONS COMMITTEE ESTIMATED TO CHARGE THAT IF QUESTION CAME TO VOTE IN ALTHING 70 TO 80 PERCENT OF MEMBERS WOULD IN END VOTE AGAINST ANY REQUEST TO USG.

(C) ALTHOUGH IT IS MUCH TOO EARLY TO MAKE POLITICAL PREDICTIONS FOR NEXT YEAR, THERE SEEMS GOOD LIKELIHOOD OF NATIONAL ELECTIONS IN EARLY SUMMER OR EARLY FALL. WHATEVER WE MAY DO NOW, MORE MAY BE DEMANDED NEXT YEAR. WE SHOULD SAVE OUR HEAVY AMMUNITION FOR DEALING WITH A MORE PRECARIOUS SITUATION.

(D) EMBASSY AND COMICEDEFOR HAVE UP TO PRESENT OPERATED ON "VALID MILITARY REQUIREMENT" DOCTRINE. THAT IS, WE WOULD AGREE TO SUPPORT REQUESTS FOR FACILITIES AND TRAINING IF THERE WERE A VALID MILITARY REQUIREMENT FOR THEM BUT WOULD NOT SUPPORT REQUESTS FOR PURELY CIVILIAN FACILITIES OR SERVICES. UNDER THAT RULE, DOD HAS ALREADY OBLIGATED ITSELF TO REQUEST FUNDS FOR EXPENDITURES IN ICELAND OF APPROXIMATELY \$83 MILLION BETWEEN 1975 AND 1982. EXPENDITURES UNDER THIS APPROACH PROVIDE VERY SUBSTANTIAL INCOME TO THIS SMALL ECONOMY AS WELL AS NOT-INSIGNIFICANT EMPLOYMENT. WE BELIEVE TIME HAS NOT COME TO ABANDON THAT DOCTRINE.

(E) BECAUSE EQUIPMENT EARMARKED BY NAVY FOR NEW RADAR APPROACH AT BASE WILL REQUIRE LONG AND EXTENSIVE PHASED TRAINING PERIOD FOR OPERATOR AND MAINTENANCE PERSONNEL, DECISION ON WHO PAYS FOR TRAINING WILL HAVE TO BE MADE SOON. UNTIL ICELANDIC AIR CONTROLLERS SEE EVIDENCE OF FUTURE PLANNING AND SCOPE AND SCHEDULING OF TRAINING, THERE WILL CONTINUE TO BE SOME UNREST AND PROBABLE DIFFICULTIES WITH THE LABOR UNION CONCERNED.

(F) ON ALL MATTERS OF ASSISTANCE TO GOI, INCLUDING CURRENT APPROACH ON CIVIL AVIATION TRAINING, WE BELIEVE WE SHOULD LET GOI COME TO US RATHER THAN OUR LOOKING FOR WAYS TO SATISFY THEM. WHILE AID ISSUE IS NOT DEAD AND PROBABLY WILL COME
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UP AGAIN WHEN ALTHING RECONVENES IN OCTOBER, IT HAS SO FAR BEEN AND IS LIKELY AGAIN TO BE LARGELY UNFOCUSED WITH INDIVIDUALS RIDING THEIR OWN IMPRACTICAL HOBBY HORSES. THERE HAS BEEN AND WILL BE TALK OF REQUIRING US TO BUILD A SECOND INTERNATIONAL AIRPORT, TO DEMAND A NETWORK OF PAVED HIGHWAYS (WHICH GOI COULD NOT AFFORD TO MAINTAIN), OR TO INSIST THAT WE SUBSIDIZE BUILDING HYDRO-ELECTRIC INSTALLATIONS (ON GROUNDS THAT A STRONG ECONOMY CONTRIBUTES TO ICELAND'S DE-

FENSE). NONE OF THIS NEED BE TAKEN TOO SERIOUSLY UNTIL AND UNLESS GOVERNMENT COALITION PARTNERS CAN GET TOGETHER ON COORDINATED PROGRAM. WE DOUBT THEY CAN DO SO.

(G) RESULTS OF GOI NEGOTIATIONS WITH EC (OR LACK THEREOF) MAY BE MORE SIGNIFICANT IN FOCUSING ATTITUDES TOWARDS BASE AND RELATIONSHIPS WITH USG AND NATO THAN ANYTHING WE MIGHT OFFER IN ECONOMIC OR MILITARY TERMS. WE HAVE BEEN PUT ON NOTICE THAT PRESSURE WILL BE PUT ON USG AND NATO TO ASSURE THAT GOI GETS WHAT IT WANTS FROM COMMUNITY AND IF NATO DOES NOT SUPPORT ICELAND, THAT WILL BE CONSIDERED HOSTILE ACT.

2. IN SUMMARY, WE BELIEVE WE SHOULD AIM AT ACHIEVING MAXIMUM FLEXIBILITY TO CONSIDER AND POSSIBLY RESPOND TO OFFICIAL GOI APPROACHES ON CASE-BY-CASE BASIS. WE BELIEVE OUR INTERESTS WOULD NOT BE SERVED BY OFFERING WHAT IS NOT REQUESTED.

DOING SO WOULD ONLY FURTHER THE ALREADY PREVALENT "WHAT HAVE YOU DONE FOR US THIS WEEK" SYNDROME. THIS MESSAGE HAS BEEN COORDINATED WITH COMICEDEFOR.

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